

INTERNATIONAL METALS & MACHINES, INC.
2200 EAST DEVON AVENUE
SUITE 220
DES PLAINES, ILLINOIS 60018

13999
RECORDATION NO. Filed 1425

APR 8 1983 1 20 PM

April 7, 1983

INTERSTATE COMMERCE COMMISSION

No. 3-098A084

Date APR 8 - 1983

Fee \$ 50.00

ICC Washington, D. C.

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FEE OPERATION BR

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Sir or Madam:

Enclosed for recordation with the Interstate Commerce Commission pursuant to the provisions of Section 11303 of Title 49 of the United States Code are one original and eight counterparts of the following document:

Security Agreement-Trust Deed dated as of February 1, 1983 ("Security Agreement") between First National Bank of Chicago, not in its individual capacity, except as expressly provided therein, but solely as trustee and International Metals & Machines, Inc., as Debtor ("Debtor"). as Lender ("Lender"), This Security Agreement-Trust Deed is a primary document.

The names and addresses of the parties to the transaction are as follows:

- Debtor: International Metals & Machines, Inc.
Suite 220
2200 East Devon Avenue
Des Plaines, Illinois 60018
- Secured Party: The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

The undersigned is the Debtor mentioned in the enclosed document and has knowledge of the matters set forth therein.

The equipment covered by the enclosed documents consists of eight (8) 3000 H.P. Model SD40-2 Diesel Electric Locomotives manufactured by General Motors Corporation (Electro-Motive Division), manufacturers serial numbers 806049-1, 806049-2, 806049-3, 806049-4,

Blenn Moore

C. Quent...

806049-5, 806049-6, 806049-7 and 806049-8, bearing Missouri-Kansas-Texas Railroad Company road numbers 629 through 636. The equipment referred to in this paragraph bears the legend: "Leased under Lease Agreement filed with the Interstate Commerce Commission".

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

A short summary of the enclosed primary document to appear in the Index as follows:

Security Agreement-Trust Deed between International Metals & Machines, Inc., as Debtor, Suite 220, 2200 East Devon Avenue, Des Plaines, Illinois, 60018 and The First National Bank of Chicago, as Secured Party, One First National Plaza, Chicago, Illinois, 60670 covering eight locomotives.

Please accept the enclosed documents for recordation and make the appropriate entries to the index of documents and to the index of parties. Please return the original and six copies of the enclosed document, stamped with a recordation number, together with the usual letter of the Commission confirming recordation, to the delivering messenger of Mudge Rose Guthrie Alexander & Fardon, 20 Broad Street, New York, New York 10005, for transmittal to the undersigned.

Very truly yours,

**INTERNATIONAL METALS &
MACHINES, INC.**

BY

Title:


Secretary

Interstate Commerce Commission
Washington, D.C. 20423

4/8/83

OFFICE OF THE SECRETARY

Richard J. Anderson, Sec.
International Metals & Machines, Inc.
2200 East Devon Avenue Suite 220
Des Plaines, Inninois 60018

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/8/83 at 1:30pm, and assigned re-
recording number(s). 13999

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

13999

PRP10/MGM/359935-b

RECORDATION NO. Filed 1425

APR 8 1983 1 20 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT-TRUST DEED

Dated as of February 1, 1983

FROM

INTERNATIONAL METALS & MACHINES, INC.

DEBTOR

TO

THE FIRST NATIONAL BANK OF CHICAGO,
as Security Trustee

SECURED PARTY

(KATY No. 83-1)

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ATTACHMENT TO SECURITY AGREEMENT-TRUST DEED:

APPENDIX 1 -- Description of Equipment

SECURITY AGREEMENT-TRUST DEED

THIS SECURITY AGREEMENT-TRUST DEED dated as of February 1, 1983 (the "Security Agreement") from INTERNATIONAL METALS & MACHINES, INC., a Delaware corporation (the "Debtor"), whose post office address is 2200 East Devon Avenue, Suite 220, Des Plaines, Illinois 60018 to The First National Bank of Chicago, a national banking association, whose post office address is One First National Plaza, Chicago, Illinois 60670, as security trustee (the "Security Trustee" or the "Secured Party").

RECITALS:

A. The Debtor is the owner of the General Motors Model EMD SD-40-2 diesel electric locomotives described in Appendix 1 hereto (collectively, the "Equipment" and individually an "Item" or "Item of Equipment") manufactured by General Motors, Electromotive Division (the "Manufacturer"). The Equipment has been leased pursuant to the Railroad Equipment Lease dated as of December 1, 1981 (the "Lease") between the Debtor, as lessor, and Missouri-Kansas-Texas Railroad Company, a Delaware corporation, as lessee (the "Lessee").

B. New England Mutual Life Insurance Company (the "Purchaser") has entered into a Note Agreement dated as of February 1, 1983 (the "Note Agreement"), providing for the commitment of the Purchaser to purchase on or before April 1, 1983 the 16.50% Secured Notes (the "Notes") of the Debtor due 1983-1997 in a principal amount not to exceed \$5,670,000, such Notes expressed to bear interest at the rate of 16.50% per annum prior to maturity and to mature in one installment of interest only payable on April 15, 1983, followed by 164 equal monthly installments, including principal and interest, commencing May 15, 1983 to and including December 15, 1996, and one final installment of all unpaid principal and accrued interest payable on January 15, 1997, and to be otherwise substantially in the form attached as Exhibit A1 or A2 to the Note Agreement.

C. The Notes and all principal thereof and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Notes, this Security Agreement or the Note Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

D. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

SECTION 1. GRANT OF SECURITY.

The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Notes and in this Security Agreement and in the Note Agreement contained, does hereby convey, warrant, mortgage, assign and grant the Secured Party, its successors in trust and assigns, a security interest in, all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof (all of which properties hereby mortgaged and assigned or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1. Equipment Collateral. Collateral includes the Equipment leased and delivered under the Lease, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, together with all the rents, issues, income, profits and avails therefrom.

1.2. Rental Collateral. Collateral also includes the Lease and all rents and other sums due and to become due thereunder, including any and all extensions or renewals thereof insofar as the same cover or relate to the Equipment; it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rents and other sums due and to become due under the Lease shall be effective and operative immediately and continue in full force and effect and the Secured Party shall have the right to collect and receive said rents and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

1.3. Limitations to Security Interest. The security interest granted by this Section 1 is subject to the following liens, charges and encumbrances (hereinafter called "Permitted Encumbrances"): (a) the right, title and interest of the Lessee under the Lease, and (b) the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law) or, if delinquent, the validity of which is being contested in good faith.

1.4. Duration of Security Interest. The Secured Party, its successors in trust and assigns shall have and hold the Collateral forever; provided always, however, that such

security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Note Agreement and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise, to remain in full force and effect.

SECTION 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Note Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Note Agreement were fully set out in an amendment or supplement to this Security Agreement.

2.2. Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only the right, title and interest of the Lessee under the Lease and of persons claiming by, through or under the Lessee). Without limiting the foregoing, there is no financing statement in which the Debtor is named as debtor or which the Debtor has filed, as debtor, now on file in any public office covering any of the Collateral.

2.3. Further Assurances. The Debtor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. The Secured Party may at any time file financing statements with respect to the Collateral without the signature of the Debtor. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of such assignment and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease directly to the Secured Party.

2.4. After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired by the Debtor shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5. Recordation and Filing. The Debtor will cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of each supplemental security agreement and of each relocation of Equipment of which the Debtor has received notice from the Lessee, an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement (or a financing statement in respect thereof), as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby, and stating the requirements of applicable law with respect to the re-recording or re-filing of this Security Agreement and of each supplemental security agreement (or continuation statements or similar notice thereof to the extent permitted or required by applicable law) prior to the final maturity date of the Notes in order to maintain the lien and security interest granted thereunder in full force and effect as against creditors of and purchasers from the Debtor.

2.6. Modification of the Lease. The Debtor will not:

(a) declare a default or exercise the remedies of the lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification, surrender or termination of, the Lease (except as otherwise expressly provided in Section 3.2 hereof) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof;

(b) receive or collect or permit the receipt or collection (except by the Secured Party hereunder) of any rental payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party here under) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

2.7. Power of Attorney in Respect of the Lease. The Debtor does hereby irrevocably constitute and appoint the Secured Party, its true and lawful attorney with full power of substitution, for it and in its name, place and stead, upon the occurrence of an event of default described in Section 5.1 hereof and so long as such default shall continue, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Section 1.1 and Section 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

2.8. Limitation on Prepayment. Except to the extent expressly provided for in this Security Agreement, the Debtor agrees that the Notes shall not be subject to prepayment or redemption in whole or in part at the option of the Debtor prior to the expressed maturity date thereof.

2.9. Notice of Default. The Debtor further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an Event of Default under the Lease if the Debtor has actual knowledge of such event or condition.

2.10. Maintenance of Corporate Existence. The Debtor will preserve and keep in full force and effect its corporate existence, rights and franchises and all licenses and permits necessary to the performance of its obligations hereunder, except as otherwise provided in Section 2.11 hereof.

2.11. Restrictions on Mergers, Consolidations and Sales of Assets. The Debtor will not sell, lease, transfer or otherwise dispose of all or a substantial portion of its corporate property or assets to any person, firm or corporation or consolidate with or merge into any other corporation or permit another corporation to merge into it unless (i) the successor formed by or resulting from such consolidation or merger or to which such sale, lease or other disposition shall have been made shall be a solvent corporation organized under the laws of the United States of America or a state thereof or the District of Columbia; (ii) such

successor corporation (if other than the Debtor) shall assume all of the Debtor's obligations under this Security Agreement, the Notes, the Note Agreement and the Lease; and (iii) immediately after such merger, sale, lease or other disposition, such successor corporation shall not be in default in the performance or observance of any of the covenants, agreements or conditions contained in the Note Agreement, this Security Agreement, or the Lease.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

3.1. Possession of Collateral. While the Debtor is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

3.2. Release of Property. So long as no default referred to in Section 8.1 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 6.3 of the Lease upon receipt from the Lessee or the Debtor of written notice designating the Item of Equipment in respect of which the Lease will terminate and the receipt from the Lessee of the Casualty Value payment for such Equipment in compliance with Section 6.3 of the Lease.

3.3. Release of Equipment - Consent of Noteholders. The Debtor may sell or otherwise dispose of any Equipment then subject to the lien of this Security Agreement, and the Secured Party shall release the same from the lien hereof to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the holder or holders of the indebtedness hereby secured.

3.4. Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the mortgaged property be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 4. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

4.1. Application of Rents. As more fully set forth in Section 1.2 hereof, the Debtor has hereby granted to the Secured Party a security interest in rents, issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment as security for the Notes. So long as no event of default as defined in Section 5 hereof has occurred and is continuing:

(a) The amounts from time to time received by the Secured Party which constitute payment of the installments of rental payment under the Lease shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the Notes which have matured or will mature on or before the due date of the installments of rental payment which are received by the Secured Party (such application to be deemed to have been made as of the date such amounts are received by the Secured Party), and then the balance, if any, of such amounts shall be paid to or upon the order of the Debtor.

(b) The amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the "Casualty Value" for any Item of Equipment pursuant to Section 6.3 of the Lease shall be paid and applied on the Notes, all in such manner and in such amounts so that after giving effect to such application and the release of such Item of Equipment from the Lease and the lien of this Security Agreement:

(i) the aggregate principal amount remaining unpaid on the Notes does not exceed the "Present Value of Rents for Equipment" as hereinafter defined in respect of all remaining Items of Equipment which then remain subject to the Lease and the security interest of this Security Agreement; and

(ii) each of the remaining installments of the Notes shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment.

Any amounts in excess of the "Present Value of Rents for Equipment" as hereinafter defined in respect of any Item of Equipment for which settlement is made by the Lessee pursuant to Section 6.3 of the Lease shall be released to or upon the order of the Owner.

(c) The amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of the Equipment, shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(i) So long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Item of Equipment is to be repaired, be released to the Debtor to reimburse the Lessee for expenditures made for such repair upon receipt by the Secured Party of a certificate of an authorized officer of the Lessee to the effect that any damage to such Item in respect of which such proceeds were paid has been fully repaired; and

(ii) If the insurance proceeds shall not have been released to the Debtor pursuant to the preceding paragraph (i) within 180 days from the receipt thereof by the Secured Party, or if within such period the Lessee shall have notified the Secured Party in writing that the Lease is to be terminated in respect of such Item in accordance with the provisions of Section 6.3 of the Lease, then so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:

(A) First, to the prepayment of the Notes, all in the manner and to the extent provided for by Section 4.1(b) hereof; and

(B) Second, the balance, if any, of such insurance proceeds held by the Secured Party after making the applications provided for by the preceding subparagraph (A) shall be released to or upon the order of the Debtor on the date of such prepayment of the Notes.

4.2. Multiple Notes. If more than one Note is outstanding at the time any application is made pursuant to Section 4.1, the application shall be made on all outstanding Notes ratably and in accordance with the principal amount

remaining unpaid thereon and on the installments of each Note, respectively, in the manner provided for by Section 4.1.

4.3. Present Value of Rents for Equipment. The term "Present Value of Rents for Equipment" for the Equipment shall mean as of any date an amount equal to the aggregate rental payment in respect of such Equipment reserved for the balance of the term originally provided for in the Lease and remaining unpaid as of the close of business on such date, discounted on the basis of a 10% per annum interest factor computed monthly to the respective dates on which the rental payment is payable for such Equipment, with all such discounts to be computed on the basis of a 360-day year of twelve 30-day months.

4.4. Default. If an event of default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5. DEFAULTS AND OTHER PROVISIONS.

5.1. Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for more than five days after actual notice thereof to the Debtor from the Secured Party or the holder of any Note; or

(b) An Event of Default as set forth in Section 8.1 of the Lease, which Event of Default shall not be remedied prior to the Enforcement Date specified in the notice from the Secured Party to the Debtor in accordance with the provision of Section 5.3 hereof; or

(c) Default by the Debtor in the due observance or performance by the Debtor of any covenant or agreement (other than payments described in clause (a) above) either under this Security Agreement or the Note Agreement, and such default shall continue unremedied for thirty calendar days after notice thereof to the Debtor from the Secured Party or the holder of any Note; or

(d) Any representation or warranty made by the Debtor herein, in the Lease or in the Note Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement,

the Lease or the Note Agreement, or the transactions contemplated therein shall prove to have been false or misleading in any material respect when made or furnished; or

(e) Any claim, lien or charge (other than the Lease and liens, charges and encumbrances which the Lessee is obligated to discharge under the Lease) shall be asserted against or levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed within thirty calendar days after written notice from the Secured Party or the holder of any Note to the Debtor and the Lessee demanding the discharge or removal thereof; or

(f) The Debtor commences a voluntary case under any bankruptcy law or similar law for relief of debtors or consents to the appointment of a custodian, trustee or receiver for the Debtor or the major part of its property or makes an assignment for the benefit of its creditors, or enters into an agreement of composition with its creditors; or

(g) A custodian, trustee or receiver is appointed for the Debtor or for the major part of its property and is not discharged within 30 days after such appointment; or

(h) A decree or order for relief by a court having jurisdiction in respect of the Debtor is entered in an involuntary case under any bankruptcy law or similar law for the relief of debtors and such decree or order shall remain unstayed and in effect for 30 days following such entry, or bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Debtor, and if instituted against the Debtor are consented to or are not dismissed within 30 days after such institution.

5.2. Secured Party's Rights. The Debtor agrees that when any "event of default" as defined in Section 5.1 has occurred and is continuing, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended

to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Secured Party may, and upon the written request of the holders of 25% of the principal amount of the Notes then outstanding shall, by notice in writing to the Debtor declare the entire unpaid balance of the Notes to be immediately due and payable, and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of the Notes, or of any interest therein, may bid and become the purchaser at any such sale;

(d) The Secured Party may proceed to protect and enforce this Security Agreement and said Notes by suit

or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may proceed to exercise all rights, privileges and remedies of the Lessor under the Lease, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

5.3. Certain Rights and Obligations of the Debtor on the Occurrence of an Event of Default Under the Lease. If an Event of Default under Section 8 of the Lease (hereinafter in this Section 5.3 referred to as a "Lease Default") shall have occurred and be continuing, the Secured Party may give the Debtor and the Trustor not less than 120 days' prior written notice of the date (the "Enforcement Date") on which the Secured Party intends to exercise any remedy or remedies pursuant to Section 5.2 hereof. Such Lease Default shall not constitute an Event of Default hereunder, and the Secured Party shall not have the rights to exercise any remedy or remedies hereunder solely by reason of such Lease Default, unless and until such Lease Default shall continue unremedied on or after the Enforcement Date. If a Lease Default shall have occurred and the Secured Party shall have given the aforementioned notice, the Debtor shall, subject to paragraph (d) hereof, have the following rights hereunder:

(a) Right to Cure. In the event of the occurrence of Lease Default the Debtor may, prior to the Enforcement Date (i) take such action as shall cause such Lease Default to be cured, and/or (ii) if such Lease Default arose on account of Lessee's failure to pay Fixed Rental or Casualty Value, Debtor may pay to the Secured Party an amount equal to any principal and interest within the period provided for such payment in Section 5.1(a) (including interest, if any, on overdue payments of principal and interest) then due and payable on the Notes; and such payment or action by the Debtor shall be deemed to cure any such Lease Default; provided, however, that the Debtor may not exercise such right to cure a Lease Default by payment to the Secured Party pursuant to clause (ii) above in respect of more than twelve consecutive Fixed Rental payment defaults or in any event in respect of more than a total of twenty-four defaults in the payment of Fixed Rental throughout the term of the Lease, except for the

final two Fixed Rental payment dates, on which dates the Debtor may exercise its right regardless of the number of previous occasions on which the Debtor has exercised such right.

Except as hereinafter in this Section 5.3(a) provided, the Debtor shall not, by exercising the right to cure any such Event of Default, obtain any lien, charge or encumbrance of any kind on any of the Collateral for or on account of costs or expenses incurred in connection with the exercise of such right nor shall any claims of the Debtor against the Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Secured Party in and to the Collateral. Upon such payment by the Debtor of the amount of principal and interest then due and payable on the Notes, the Debtor shall be subrogated to the rights of the Secured Party in respect of the Fixed Rental which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue, and therefore, if no other Event of Default shall have occurred and be continuing and if all principal and interest payments due on the Notes have been paid at the time of receipt by the Secured Party of such Fixed Rental, the Debtor shall be entitled to receive such Fixed Rental and such interest upon receipt thereof by the Secured Party; provided that (A) in the event the principal and interest on the Notes shall have become due and payable pursuant to Section 5.2(a) hereof, such subrogation shall until principal of and interest on all Notes shall have been paid in full, be subordinate to the rights of the Secured Party in respect of such payment of Fixed Rental and such interest on such overdue Fixed Rental prior to receipt by the Debtor of any amount pursuant to such subrogation, and (B) the Debtor shall not be entitled to seek to recover any such payment (or any payment in lieu thereof) except pursuant to the foregoing right of subrogation.

(b) Option to Prepay Notes. Whether or not the Debtor shall then have the right to cure an Event of Default under the Lease pursuant to Section 5.3(a) above, following receipt of written notice of the Enforcement Date pursuant to this Section the Debtor may at its option on any date prior to the Enforcement Date prepay the Notes, without premium or penalty, by payment of the entire unpaid principal amount thereof, together with accrued interest thereon to the date of prepayment.

(c) Obligation of Debtor to Reserve Collateral. As long as the Notes remain outstanding and during any cure period provided by this Section, the Debtor

covenants and agrees to abide by and to be governed and restricted by the terms, provisions, restrictions, covenants and agreements set forth in this Agreement and the Note Agreement

(d) No Impairment of Remedies. It is understood that nothing provided in this Section 5.3 shall impair, delay or limit the rights and remedies of the Secured Party hereunder upon occurrence of an Event of Default pursuant to Section 5.1(a), (c), (d), (e), (f), (g) or (h).

5.4. Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also, in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

5.5. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

5.6. Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment

creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

5.7. Application of Sale Proceeds. The purchase money proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including all reasonable legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest, if any, with application on each Note to be made, first, to the unpaid interest thereon, and second, to unpaid principal thereof; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

5.8. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Secured Party and the holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

5.9. Cumulative Remedies. No delay or omission of the Secured Party or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Note, of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies here under, nor shall the Secured Party or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

5.10. Waivers, Consents and Amendments to Security Agreement and Notes. Compliance with any term, covenant, agreement or condition of this Security Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), if the Secured Party shall have obtained the consent in writing of the holders of not less than a majority of the aggregate principal amount of outstanding Notes; provided, however, that without the written consent of the holders of all of the Notes then outstanding no such waiver, modification, alteration or amendment shall be effective against the holder of any Note without his consent to change the obligation of the Debtor in respect of the amount or time of payment of the principal or interest on any Note then outstanding as set forth therein, or to reduce the percentage in principal amount of the Notes required to approve any such amendment, or to subordinate the Notes or the lien and security interest created by this Security Agreement in favor of other creditors of the Debtor, and no such waiver shall be effective against the Secured Party without its consent to modify its rights and duties hereunder. This Security Agreement and the Notes may also be amended from time to time by agreements expressly amending the same, which agreements, when duly executed by the Debtor may be executed by the Secured Party:

(a) to the extent permitted hereby and not inconsistent herewith, to subject other property to the lien and security interest hereof, to add further covenants and conditions to be observed by the Debtor for the further security of the holders of the Notes, to conform to the requirements of the Trust Indenture Act of 1939 and regulations thereunder as the same may from time to time be amended, or to cure any ambiguity or to correct any defective or inconsistent provisions herein

or in any such amendment contained, but in each case only after fifteen days' prior written notice has been sent to the holders of all of the Notes; and

(b) upon receipt of the written consent of the holders of not less than a majority of the aggregate principal amount of the Notes then outstanding, to make any other changes in the provisions of this Security Agreement and/or the Notes, but no such amendment shall be effective against the holder of any Note without his consent to change the obligation of the Debtor in respect of the amount of time of payment of the principal or interest on any Note then outstanding as set forth therein, or to reduce the percentage in principal amount of the Notes required to approve any such amendment, or to subordinate the Notes or the lien and security interest hereof in favor of other creditors of the Debtor, and no such amendment shall be effective against the Secured Party without its consent to modify its rights and duties hereunder.

Executed or true and correct copies of any waiver or consent effected pursuant to the provisions of this Section 5.7 shall be delivered by the Debtor to each holder of outstanding Notes forthwith following the date on which the same shall have been executed and delivered by the holder or holders of the requisite percentage of outstanding Notes. The Debtor will not, directly or indirectly, pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, to any holder of the Notes as consideration for or as an inducement to the entering into by any holder of the Notes of any waiver or amendment of any of the terms and provisions of this Security Agreement unless such remuneration is concurrently paid, on the same terms, ratably to the holders of all of the Notes then outstanding.

SECTION 6. THE TRUSTEE.

The Security Trustee accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions hereof, including the following, to all of which the Debtor and the respective holders of the Notes at any time outstanding by their acceptance thereof agree:

6.1. Duties of Security Trustee. The Security Trustee undertakes (i) except while an Event of Default actually known to the Security Trustee shall have occurred and be continuing, to perform such duties and only such duties as are specifically set forth in this Security Agreement, and (ii) while an Event of Default actually known to the Security Trustee shall have occurred and be continuing, to exercise such of the rights and powers as are vested in it by this Security Agreement and to use the same

degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Security Trustee upon receipt of instruments furnished to the Security Trustee pursuant to the provisions of this Security Agreement, shall examine the same to determine whether or not such instruments conform to the requirements of this Security Agreement.

6.2. Security Trustee's Liability. No provision of this Security Agreement shall be construed to relieve the Security Trustee from liability for its own negligent action, negligent failure to act, or its own wilful misconduct, except that:

(a) unless an Event of Default actually known to the Security Trustee shall have occurred and be continuing, the Security Trustee shall not be liable except for the performance of such duties as are specifically set forth in this Security Agreement and no implied covenants or obligations shall be read into this Security Agreement against the Security Trustee but the duties and obligations of the Security Trustee shall be determined solely by the express provisions of this Security Agreement;

(b) in the absence of bad faith on the part of the Security Trustee, the Security Trustee may rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon, any resolution, any certificate signed by the Chairman of the Board, President, Vice President, Treasurer or Assistant Treasurer of any corporation or by the general partner of any partnership or by the trustee of a trust (an "Officer's Certificate"), any opinion in writing signed by legal counsel who shall be satisfactory to the Security Trustee and who may be independent counsel to the Debtor or the Lessee (an "Opinion of Counsel"), any request, notice, consent, waiver, order, signature guaranty, notarial seal, stamp, acknowledgment, verification, appraisal, report, stock certificate or other paper or document believed by the Security Trustee to be genuine and to have been signed, affixed or presented by the proper party or parties;

(c) in the absence of bad faith on the part of the Security Trustee, whenever the Security Trustee, or any of its agents, representatives, experts or counsel, shall consider it necessary or desirable that any matter be proved or established, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate; provided,

however, that the Security Trustee, or such agent, representative, expert or counsel, may require such further and additional evidence and make such further investigation as it or they may consider reasonable;

(d) the Security Trustee may consult with counsel and the advice or opinion of such counsel with respect to legal matters shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(e) the Security Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction or request of the holders of the Notes;

(f) the Security Trustee shall not be liable for any error of judgment made in good faith by an officer of the Security Trustee unless it shall be proved that the Security Trustee was negligent in ascertaining the pertinent facts;

(g) the Security Trustee shall not be deemed to have knowledge of any Default or Event of Default unless and until an officer of the Trust Division of the Security Trustee who customarily handles corporate trusts shall have actual knowledge thereof or the Security Trustee shall have received written advice thereof from the holder of any Note;

(h) whether or not an Event of Default shall have occurred, the Security Trustee shall not be under any obligation to take any action under this Security Agreement which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it by the security afforded to it by the terms of this Security Agreement, unless and until it is requested in writing so to do by one or more holders of the Notes outstanding hereunder and furnished, from time to time as it may require, with reasonable security and indemnity; and

(i) whether or not an Event of Default shall have occurred, whenever it is provided in this Security Agreement that the Security Trustee consent to any act or omission by any person or that the Security Trustee exercise its discretion in any manner, the Security Trustee may (but need not) seek the written acquiescence of the holders of at least a majority of the principal amount of the Notes then outstanding and, unless written evidence of such acquiescence has been received by the Security Trustee, it shall be fully justified in refusing so to consent or so to exercise its discretion;

provided, however, holders of a majority of the principal amount of the Notes from time to time outstanding shall have the right, upon furnishing to the Security Trustee such indemnification as the Security Trustee shall reasonably request, by an instrument in writing delivered to the Security Trustee, to determine which of the remedies herein set forth shall be adopted and to direct the time, method and place of conducting all proceedings to be taken under the provisions of this Security Agreement for the enforcement thereof or of the Notes, but the Security Trustee shall have the right to decline to follow any such direction if the Security Trustee shall be advised by counsel that the action or proceedings so directed may not lawfully be taken or would be unjustly prejudicial to the holders of the Notes not parties to such direction.

6.3. No Responsibility of Security Trustee for Recitals. The recitals and statements contained herein and in the Notes shall be taken as the recitals and statements of the Debtor, and the Security Trustee assumes no responsibility for the correctness of the same, nor shall the Security Trustee have any responsibility for or any liability with respect to any disclosure, warranty, representation or concealment or failure to disclose in connection with the offering, solicitation, sale or distribution of the Notes by the Debtor or by any other person.

The Security Trustee makes no representation as to the validity or sufficiency of this Security Agreement, or of the Notes secured hereby, the security hereby or thereby afforded, the title of the Debtor to the Collateral or the description thereof, or the filing or recording or registering of this Security Agreement or any other document.

The Security Trustee shall not be concerned with or accountable to anyone for the use or application of any deposited moneys which shall be released or withdrawn in accordance with the provisions of this Security Agreement or of any property or securities or the proceeds thereof which shall be released from the security interest hereof in accordance with the provisions of this Security Agreement.

6.4. Certain Limitations on Security Trustee's Rights to Compensation and Indemnification. The Security Trustee agrees that it shall have no right against any Purchaser or the holder of any Note for the payment of compensation for its services hereunder or any expenses or disbursements incurred in connection with the exercise and performance of its powers and duties hereunder or any indemnification against liabilities which it may incur in the exercise and performance of such powers and duties but on the contrary, shall look solely to the Company for such payment and indemnification and that it shall have no lien on or security interest in the Collateral as security for such compensation,

expenses, disbursements and indemnification except to the extent provided for in Sections 5.7(a), 6.2(h) and 6.2(i) hereof.

6.5. Status of Moneys Received. All moneys received by the Security Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and may be deposited by the Security Trustee under such general conditions as may be prescribed by law in the Security Trustee's general banking department, and the Security Trustee shall be under no liability for interest on any moneys received by it hereunder.

6.6. Security Trustee May Hold Notes. The Security Trustee and any affiliated corporation may become the owner of any Note secured hereby and be interested in any financial transaction with the Debtor or any affiliated corporation, or the Security Trustee may act as depository or otherwise in respect to other securities of the Debtor or any affiliated corporation, all with the same rights which it would have if not the Security Trustee.

6.7. Resignation of Security Trustee. The Security Trustee may resign and be discharged from the trusts created hereby by delivering notice thereof, by first-class mail, postage prepaid, to the Debtor and all holders of the Notes at the time outstanding, specifying a date (not earlier than 60 days after the date of such notice) when such resignation shall take effect.

Such resignation shall take effect on the day specified in such notice, unless previously a successor Security Trustee shall have been appointed as provided in Section 6.9 in which event such resignation shall take effect immediately upon the appointment of such successor Security Trustee.

6.8. Removal of Security Trustee. The Security Trustee may be removed at any time, for or without cause, by an instrument or instruments in writing executed by the holders of a majority in aggregate principal amount of the Notes at the time outstanding and delivered to the Security Trustee with a copy to the Debtor, specifying the removal and the date when it shall take effect.

6.9. Appointment of Successor Security Trustee. In case at any time the Security Trustee shall resign or be removed or become incapable of acting, a successor Security Trustee may be appointed by the holders of a majority in aggregate principal amount of the Notes at the time outstanding, by an instrument or instruments in writing executed by such holders and filed with such successor Security Trustee.

Until a successor Security Trustee shall be so appointed by the holders of the Notes, the Debtor shall appoint a successor Security Trustee to fill such vacancy, by an instrument in writing executed by the Debtor and delivered to the successor Security Trustee. If all or substantially all of the Collateral shall be

in the possession of one or more receivers, trustees, liquidators or assignees for the benefit of creditors, then such receivers, trustees, custodians, liquidators or assignees may, by an instrument in writing delivered to the successor Security Trustee, appoint a successor Security Trustee. Promptly after any such appointment, the Debtor, or any such receivers, trustees, custodians, liquidators or assignees, as the case may be, shall give notice thereof by first-class mail, postage prepaid, to each holder of Notes at the time outstanding.

Any successor Security Trustee so appointed by the Debtor, or such receivers, trustees, custodians, liquidators or assignees shall immediately and without further act be superseded by a successor Security Trustee appointed by the holders of a majority in aggregate principal amount of the Notes then outstanding.

If a successor Security Trustee shall not be appointed pursuant to this Section within 60 days after a vacancy shall have occurred in the office of the Security Trustee, the holder of any Note or such retiring Security Trustee (unless the retiring Security Trustee is being removed) may apply to any court of competent jurisdiction to appoint a successor Security Trustee, and such court may thereupon, after such notice, if any, as it may consider proper, appoint a successor Security Trustee.

6.10. Succession of Successor Security Trustee. Any successor Security Trustee appointed hereunder shall execute, acknowledge and deliver to the Debtor and the predecessor Security Trustee an instrument accepting such appointment, and thereupon such successor Security Trustee, without any further act, deed, conveyance or transfer, shall become vested with a security interest in the Collateral, and with all the rights, powers, trusts, duties and obligations of the predecessor Security Trustee in the trust hereunder, with like effect as if originally named as Security Trustee herein.

Upon the request of any successor Security Trustee, however, the Debtor and the predecessor Security Trustee shall execute and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Security Trustee a security interest in the Collateral and all such rights, powers, trusts, duties and obligations of the predecessor Security Trustee hereunder, and the predecessor Security Trustee shall also assign and deliver to the successor Security Trustee any property subject to the security interest of this Security Agreement which may then be in its possession.

Any Security Trustee which has resigned or been removed shall nevertheless continue to retain the benefit of the priority with respect to the proceeds of the Collateral afforded to it by Section 5.7(a) hereof.

6.11. Eligibility of Security Trustee. The Security Trustee shall be a state or national bank or trust company in good standing organized under the laws of the United States of America or of any State having capital, surplus and undivided profits aggregating at least \$50,000,000, if there be such a bank or trust company willing and able to accept such trust upon reasonable and customary terms.

In case the Security Trustee shall cease to be eligible in accordance with the provisions of this Section, the Security Trustee shall resign immediately in the manner and with the effect specified in Section 6.7 hereof.

6.12. Successor Security Trustee by Merger. Any corporation into which the Security Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Security Trustee shall be a party, or any state or national bank or trust company in any manner succeeding to the corporate trust business of the Security Trustee as a whole or substantially as a whole, if eligible as provided in Section 6.11, shall be the successor of the Security Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary contained herein notwithstanding.

6.13. Co-Trustees. At any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Collateral may at the time be located, the Debtor and the Security Trustee jointly shall have the power and shall execute and deliver all instruments, to appoint one or more persons approved by the Security Trustee, to act as co-trustee, or co-trustees, of all or any part of the Collateral, and to vest in such person or persons, in such capacity, such title to the Collateral or any part thereof, and such rights, powers, duties, trusts or obligations as the Debtor and the Security Trustee may consider necessary or desirable. If the Debtor shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in case an event of default shall have occurred and be continuing, the Security Trustee alone shall have power to make such appointment.

6.14. Fees and Expenses. The Trustor will pay all proper initial and periodic fees and expenses, including the reasonable fees of counsel, of the Security Trustee incurred in the ordinary course of its duties as Security Trustee.

SECTION 7. MISCELLANEOUS.

7.1. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the

Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

7.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid, provided that nothing contained in this Section 7.2 shall be construed to be in derogation of any rights or immunities of the Debtor in its individual capacity, or to amend or modify any limitations or restrictions on the Secured Party or the holder of any Note or their respective successors or assigns.

7.3. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor: International Metals & Machines, Inc.
200 East Devon Avenue, Suite 220
Des Plaines, Illinois 60018

with a copy to

Quinn, Jacobs, Barry & Miller
135 South LaSalle Street
Suite 1425
Chicago, Illinois 60603
Attention: Melvan M. Jacobs

If to the Secured Party: The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670
Attention: Corporate Trust Department

or to the Debtor or the Secured Party at such other address as the Debtor or the Secured Party may designate by notice duly given in accordance with this Section to the other parties.

7.4. Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness hereby secured has been fully paid or discharged.

7.5. Governing Law. This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the State of Illinois.

7.6. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

7.7. Headings. Any headings or captions preceding the text of the several Sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed and The First National Bank of Chicago, in evidence of its acceptance of the trusts hereby created, has caused this Security Agreement to be executed on its behalf by one of its authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first above written.

INTERNATIONAL METALS & MACHINES, INC.

By *Richard Anderson*
Its Secretary

DEBTOR

[SEAL]
ATTEST:
Arthur P. Miller
1957 Secretary

The First National Bank of Chicago

By *C. Wap*
Its Trust Officer

SECURED PARTY

[SEAL]
ATTEST:
A. Schmitz
Asst. Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 7TH day of APRIL, 1983, before me personally appeared RICHARD J. ANDERSON, to me personally known, who being by me duly sworn, says that he is a SECRETARY of INTERNATIONAL METALS & MACHINES, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Robert V. Hogan
Notary Public

(SEAL)

My commission expires: MARCH 4, 1985

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 7th day of April, 1983, before me personally appeared D. WAX, to me personally known, who being by me duly sworn, says that he is a Trust Officer of The First National Bank of Chicago, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

D. Vogenthaler
Notary Public

(SEAL)

My commission expires: DEC. 27, 1986

DESCRIPTION OF EQUIPMENT

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Mark and Numbers (Both Inclusive)</u>
8	General Motors model EMD SD-40-2 Diesel Electric Locomotives	M-K-T 629 through M-K-T 636